

The State of Consumption Today

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The Rise and Spread of the Consumer Class

“By virtually any measure—household expenditures, number of consumers, extraction of raw materials—consumption of goods and services has risen steadily in industrial nations for decades, and it is growing rapidly in many developing countries.”

By one calculation, there are now more than 1.7 billion members of “the consumer class”—nearly half of them in the developing world. A lifestyle and culture that became common in Europe, North America, Japan, and a few other pockets of the world in the twentieth century is going global in the twenty-first.

Worldwide, private consumption expenditures—the amount spent on goods and services at the household level—topped \$20 trillion in 2000, a four-fold increase over 1960 (in 1995 dollars).

As incomes rise, people are gaining access to a multitude of consumer items associated with greater prosperity:

- In 2002, 1.12 billion households—about three quarters of humanity—owned at least one television set.
- There were 1.1 billion fixed phone lines in 2002, and another 1.1 billion mobile lines.
- The Internet now connects about 600 million users.

What About Population?

At least part of the rise in global consumption is the result of population growth. The U.N. projects that world population will increase 41 percent by 2050, to 8.9 billion people, with nearly all of this growth in developing countries.

This surge in human numbers threatens to offset any savings in resource use from improved efficiency, as well as any gains in reducing per-capita consumption. Even if the average American eats 20 percent less meat in 2050 than in 2000, total U.S. meat consumption will be 5 million tons greater in 2050 due to population growth.

The Consumers of the Future

A growing share of the global consumer class now lives in developing countries. China and India alone claim more than 20 percent of the global total—with a combined consumer class of 362 million, more than in all of Western Europe. (Though the average Chinese or Indian member consumes substantially less than the average European.)

Developing countries also have the greatest potential to expand the ranks of consumers. China and India’s large consumer set constitutes only 16 percent of the region’s population, whereas in Europe the figure is 89 percent. Indeed, in most developing countries the consumer class accounts for less than half of the population—suggesting considerable room to grow.

Growth in China

Every day in 2003, some 11,000 more cars merged onto Chinese roads—4 million new private cars during the year. Auto sales increased by 60 % in 2002 and by more than 80 % in the first half of 2003. If growth continues apace, 150 million cars could jam China's streets by 2015—18 million more than were driven on U.S. streets and highways in 1999.

Global Inequities

"People must consume to survive, and the world's poorest will need to increase their level of consumption if they are to lead lives of dignity and opportunity."

While the consumer class thrives, great disparities remain. The 12 percent of the world's population that lives in North America and Western Europe accounts for 60 percent of private consumption spending, while the one-third living in South Asia and sub-Saharan Africa accounts for only 3.2 percent.

The consumer society has strong allure and carries with it many economic benefits, and it would be unfair to argue that the advantages gained by an earlier generation of consumers should not be shared by those who come later. Indeed, lack of attention to the needs of the poorest can result in greater insecurity for the prosperous and in increased spending on defensive measures. The need to spend billions of dollars on wars, border security, and peacekeeping arguably is linked to a disregard for the world's pressing social and environmental problems.

Meeting the Poor's Basic Needs

- As many as 2.8 billion people on the planet struggle to survive on less than \$2 a day, and more than one billion people lack reasonable access to safe drinking water.
- The U.N. reports that 825 million people are still undernourished; the average person in the industrial world took in 10 percent more calories daily in 1961 than the average person in the developing world consumes today.

Curbing Our Wealthy Appetites

"If the consumption aspirations of the wealthiest of nations cannot be satiated, the prospects for corralling consumption everywhere before it strips and degrades our planet beyond recognition would appear to be bleak."

Despite rising consumption in the developing world, industrial countries remain responsible for the bulk of the world's resource consumption—as well as the associated global environmental degradation. Yet there is little evidence that the consumption locomotive is braking, even in the United States, where most people are amply supplied with the goods and services needed to lead a dignified life.

The U.S. Consumer

- The United States, with less than 5 % of the global population, uses about a quarter of the world's fossil fuel resources—burning up nearly 25 % of the coal, 26 % of the oil, and 27 % of the world's natural gas.
- As of 2003, the U.S. had more private cars than licensed drivers, and gas-guzzling sport utility vehicles were among the best-selling vehicles.
- New houses in the U.S. were 38 % bigger in 2002 than in 1975, despite having fewer people per household on average.

Problems in Paradise

“If the levels of consumption that...the most affluent people enjoy today were replicated across even half of the roughly 9 billion people projected to be on the planet in 2050, the impact on our water supply, air quality, forests, climate, biological diversity, and human health would be severe.”

Today's human economies are designed with little attention to the residuals of production and consumption. Among the most visible unintended byproducts of the current economic system are environmental problems like air and water pollution and landscape degradation. Nearly all the world's ecosystems are shrinking to make way for humans and their homes, farms, malls, and factories. WWF's Living Planet Index, which measures the health of forests, oceans, freshwater, and other natural systems, shows a 35 percent decline in Earth's ecological health since 1970.

Environmental Impacts of Consumption

Calculations show that the planet has available 1.9 hectares of biologically productive land per person to supply resources and absorb wastes—yet the average person on Earth already uses 2.3 hectares worth. These “ecological footprints” range from the 9.7 hectares claimed by the average American to the 0.47 hectares used by the average Mozambican.

Social Fallout of Consumption

“The failure of additional wealth and consumption to help people have satisfying lives may be the most eloquent argument for reevaluating our current approach to consumption.”

Individuals often face personal costs associated with heavy levels of consumption: the financial debt; the time and stress associated with working to support high consumption; the time required to clean, upgrade, store, or otherwise maintain possessions; and the ways in which consumption replaces time with family and friends.

Aggressive pursuit of a mass consumption society also correlates with a decline in health indicators in many countries, as obesity, crime, and other social ills continue to surge.

Social Impacts of Consumption in the U.S.

- An estimated 65 % of U.S. adults are overweight or obese, leading to an annual loss of 300,000 lives and at least \$117 billion in health care costs in 1999.
- In 2002, 61 % of U.S. credit card users carried a monthly balance, averaging \$12,000 at 16 % interest. This amounts to about \$1,900 a year in finance charges—more than the average per capita income in at least 35 countries (in purchasing power parity).

Consumption and Well-being

“The economies of mass consumption that produced a world of abundance for many in the twentieth century face a different challenge in the twenty-first: to focus not on the indefinite accumulation of goods but instead on a better quality of life for all, with minimal environmental harm.”

Consumer advocates, economists, policymakers, and environmentalists have developed creative options for meeting people’s needs while dampening the environmental and social costs associated with mass consumption. In addition to helping individuals find the balance between too much and too little consumption, they stress placing more emphasis on publicly provided goods and services, on services in place of goods, on goods with high levels of recycled content, and on genuine choice for consumers.

Governments can reshape economic incentives and regulations to ensure that businesses offer affordable options that meet consumers’ needs. They also have a role in curbing consumption excess, primarily by removing incentives to consume—from subsidized energy to promotion of low-density development.

A New Role for Consumption

- Several European governments are implementing or considering reforms to working hours and family leave benefits.
- Industrial countries can help developing nations lower the impact of increased consumption by assisting with the adoption of cleaner, more efficient technologies.
- Governments could rein in high consumption by removing economic subsidies for everything from gas-guzzling vehicles to suburban homebuilding—which total around \$1 trillion globally each year.